

DEPARTMENT OF BENEFIT PAYMENTS

744 P Street
Sacramento, CA 95814



August 19, 1974

ALL-COUNTY LETTER NO. 74-164

• TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT:

REFERENCE:

Attached for your information is a copy of the current SSI/SSP contract between the State and the Secretary of Health, Education and Welfare. This represents a real improvement over the previous contract particularly in the areas of quality control and the State's data needs. In addition, HEW has agreed to assume monitoring responsibility effective July 1, 1975.

Sincerely,

A handwritten signature in cursive script that reads 'David B. Swoap'.

DAVID B. SWOAP
Director

Attachment

OBSOLETE

Superseded by ACL # 77-5

Issued 3-17-77

SUPPLEMENTAL SECURITY INCOME FOR THE
AGED, BLIND, AND DISABLED
(Agreement with the State Pursuant to
Section 1616 of the Social Security Act
and Section 212 of P.L. 93-66)

AGREEMENT

BETWEEN

The Secretary of Health, Education, and Welfare

And

The State of California

The Secretary of Health, Education, and Welfare, hereinafter referred to as the Secretary, and the California State Department of Benefit Payments, hereinafter referred to as the State, pursuant to section 1616 of the Social Security Act (providing for Federal administration of optional State supplementary payments to individuals who are receiving or who would but for their income be eligible to receive Federal Supplemental Security Income Payments), and pursuant to section 212 of P.L. 93-66 hereby agree to the following:

Article I
DEFINITIONS

For purposes of this agreement --

A. The term "Secretary" means the Secretary of Health, Education, and Welfare or his delegate.

B. The term "State" means the California State Department of Benefit Payments, including any local, county, or other jurisdiction thereof.

C. The term "Act" means the Social Security Act.

D. The term "supplementary payment" means the money payment determined to be payable by the Secretary on behalf of the State in accordance with section 1616 of the Social Security Act.

E. The term "mandatory minimum supplement" means the money payment required by the provisions of section 212 of P.L. 93-66 and P.L. 93-233.

F. The term "basic Federal payment" means the money payment required by section 1611 of the Act, section 211 of P.L. 93-66, and P.L. 93-233.

G. The terms "eligible individual," "eligible spouse," "aged individual," "blind individual," and "disabled individual" shall have the same meaning as they have when used in title XVI of the Act, P.L. 93-233, and in regulations promulgated thereunder by the Secretary.

H. The terms "essential person," "qualified individual," "December 1973 income," and "title XVI benefit plus other

income" shall have the same meaning as they have when used in sections 211 and 212 of P.L. 93-66, P.L. 93-233, and in regulations promulgated thereunder by the Secretary.

I. The term "Supplemental Security Income Program" means the Federal program of Supplemental Security Income for the Aged, Blind, and Disabled established by P.L. 92-603, and amended and modified by P.L. 93-66 and P.L. 93-233.

J. The term "Unprotected Payment" has the same meaning as it has when used in subpart T of part 416 of chapter III of title 20 of the Code of Federal Regulations.

K. The term "regulations" means those regulations promulgated by the Secretary in accordance with the Administrative Procedure Act, 5 U.S.C. 551 et seq..

Article II FUNCTIONS TO BE PERFORMED BY THE SECRETARY

The Secretary shall:

A. Make determinations of eligibility for supplementary payments with respect to individuals residing in the State who are or will be receiving (or would but for their income be eligible to receive) basic Federal payments, and make determinations of eligibility for mandatory minimum supplements pursuant to the terms of this agreement with

respect to any individual certified by the State to the Secretary pursuant to article III. Subject to verification by the Secretary and any required opportunity for hearing before suspension, reduction or termination of benefits, the Secretary shall act promptly to determine and pay the correct amount of supplementary payments or mandatory minimum supplements upon receipt of notice from the recipient, the State, or any political subdivision thereof, concerning a change in living arrangement, income or other factors which may affect a recipient's amount of such payments or supplements.

- B. Make such supplementary payments or mandatory minimum supplements (whichever are higher) to individuals determined to be eligible to receive such payments in such amounts and at such times as prescribed by the terms of this agreement.
- C. Establish the amount of such supplementary payments or mandatory minimum supplements in accordance with the terms of this agreement.
- D. Maintain records of individuals eligible for and receiving State supplementary payments or mandatory minimum supplements.
- E. Provide individuals reasonable notice and opportunity for a hearing with respect to any adverse decisions as to

the rights of such individuals to receive such supplementary payments, or mandatory minimum supplements, or both.

F. Receive, disburse, and account to the State for State funds in making such supplementary payments and mandatory minimum supplements and furnish the State periodic fiscal reports thereon, not less frequently than monthly.

G. No later than April 1, 1975, provide records, which will be updated monthly, with respect to each recipient of:

1. amount of payment, identified as to basic Federal payment and supplementary payment (or mandatory minimum supplement),
2. category of aid,
3. county of residence,
4. the month (or quarter) for which payment was made, and
5. the month in which payment was made.

A letter of understanding will be negotiated and signed between the Secretary and the State by September 1, 1974, describing in further detail the information to be provided by the Secretary in accordance with this paragraph, as well as any additional information which the Secretary and the State agree to in order to enable the State to properly discharge its responsibilities under this agreement. Such letter shall also specify the beginning date for the provision of such information and the frequency with which it will be provided. This information shall be provided no later than July 1, 1975.

H. Conduct studies and evaluations of the supplementary payment program and mandatory minimum supplement program which the Secretary determines to be necessary to ensure effective and efficient administration of the supplemental security income program, at the Secretary's expense, and provide full and prompt reports thereon to the State. The Secretary shall also conduct such studies or evaluations as the State reasonably requests which he determines to be feasible. If the Secretary performs such studies, the State shall bear the costs thereof, unless the Secretary finds that such studies or evaluations are in the interest of effective and efficient administration of the supplemental security income program.

I. Establish procedures to detect and investigate potential fraud or program abuse cases and make prompt reports to the State on such cases. This provision shall be understood not to preclude the Secretary from taking appropriate action where the fraud or abuse may constitute an offense committed against the United States.

J. Establish effective procedures to ascertain the incidence of payments to ineligible and erroneous payments to eligible recipients and make prompt reports to the State on such payments.

K. Impose, as promptly as is feasible, deductions against supplementary payments or mandatory minimum supplements, if any are validly prescribed by the State on eligible individuals or eligible spouses for failure to comply with the reporting requirements established by the Secretary.

L. Perform such other functions as may be required by regulations or by the Secretary and the State through a written modification of this agreement which may be necessary to carry out the provisions of this agreement.

M. Assume, no later than July 1, 1975, the responsibility for determining the amount of earned income which must be considered in determining the mandatory minimum supplement for any month after December 1973 of each individual described in paragraph A of article III.

N. Clearly indicate either by a separate notice accompanying each Federal check issued in making a supplementary payment or mandatory minimum supplement or on the face of each such check the fact that State funds are a part of the payment or the amount of the check representing State funds, the choice of alternatives under this paragraph N being for the Secretary.

Article III
FUNCTIONS TO BE PERFORMED BY THE STATE

The State shall:

A. Certify to the Secretary the name and mailing address of each individual residing in the State who is an aged, blind, or disabled individual and for the month of December 1973 was eligible to receive and did receive for such month aid or assistance, in the form of money payments, pursuant to a State plan in effect for the month of June 1973, and approved under title I, X, XIV, or XVI of the Act, including any individual who makes application prior to January 1, 1974, and is subsequently found to be eligible for a money payment with respect to all or any portion of the month of December 1973 under such approved State plan. The State will process and make a determination of eligibility on all such cases.

B. Certify to the Secretary the amount of the December 1973 income of each individual described in paragraph A above which may be reduced, at the option of the State, in accordance with the provisions of section 10 of P.L. 93-233 and regulations promulgated thereunder.

C. Certify to the Secretary the amount of income which must be considered in determining the mandatory minimum supplement

for any month after December 1973 of each individual described in paragraph A above when requested by the Secretary. At such time as the Secretary assumes the responsibilities specified in paragraph M of article II (but in no event later than July 1, 1975), the State may cease making the certifications with respect to earned income described in the preceding sentence.

D. Furnish the Secretary with any changes in the special needs or circumstances of individuals entitled to the mandatory minimum supplement whose December 1973 income included an amount payable solely due to special needs or circumstances, and if such change had occurred in December 1973 would have caused a reduction in the amount of aid or assistance such individual would have received for December 1973.

E. Provide a list to the Secretary of the names of individuals and their titles who are authorized to act on behalf of the State with respect to matters covered under this agreement. The State shall keep such list current.

F. Provide the Secretary with such additional data at such times as the Secretary may reasonably require in order to properly, economically, and efficiently carry out his functions under this agreement.

G. Make payments to the Secretary in accordance with article VI.

H. Comply with regulations promulgated by the Secretary. If any such regulation is promulgated subsequent to the date that this agreement is signed by the State, and the State does not wish to comply therewith, the State may terminate this agreement upon 45 days written notice to the Secretary which must be given within 30 days of the effective date of such regulation. The State shall, however, comply with any such regulation promulgated subsequent to the date that this agreement is signed until the effective date of such termination.

I. Perform such other functions as the State may deem necessary to carry out the provisions of this agreement. If the State desires reimbursement by the Secretary pursuant to article VIII-B of this agreement, the State shall obtain the consent of the Secretary before performing such other functions under this paragraph.

Article IV STATE AUDIT

A. The State shall have the right to conduct an audit and the Secretary and the State shall mutually agree upon a

satisfactory audit arrangement to verify that the supplementary payments and mandatory minimum supplements paid by the Secretary on behalf of the State were made in accordance with the terms of this agreement.

B. If in conducting its own quality assurance review the State desires access to the Secretary's records, the State may perform a quality assurance review on a sample of cases selected by the State from the SSI quality assurance sample provided that such review is coordinated and conducted simultaneously or concurrently with the quality assurance review performed by the Secretary. The Secretary and the State shall cooperate in arriving at the time for conducting their respective samples. Such sample review performed by the State shall be at State expense.

C. If the State decides to conduct its own quality assurance review and access to the Secretary's records without the restrictions imposed by paragraph B above, the State may do so upon the following conditions:

1. The State hereby agrees to pay all of the Secretary's costs in making his records available to the State.
2. That the quality assurance findings made by the State will not be binding upon the Secretary.

Article V
AMOUNT OF AND PAYMENT OF SUPPLEMENTARY PAYMENTS
AND MANDATORY MINIMUM SUPPLEMENTS

- A. Payments shall be made monthly by the Secretary.
- B. The Secretary may make payments under this agreement to the eligible individual, or such individual's eligible spouse, or partly to each or to any such other person including an appropriate public or private agency (representative payee), which he determines is interested in or concerned with the welfare of such individual (or spouse) in accordance with the provisions of section 1631(a)(2) of the Act. Where the Secretary selects a representative payee to receive the basic Federal payment, if any, the same representative payee shall be selected to receive the supplementary payment or mandatory minimum supplement, or both, on behalf of such individual.
- C. The amount of supplementary payments shall be determined in accordance with article I of appendix A of this agreement.
- D. The amount of mandatory minimum supplements which shall be paid for any individual referred to in article II of this agreement shall be equal to the amount by which the individual's December 1973 income exceeds the amounts of his title XVI benefits plus other income for such month; provided, however, that the amount paid to any individual for whom a change is reported pursuant to paragraph D of article III shall be reduced by the amount of the change reported or such lesser portion of such change as the State shall specify.

E. No mandatory minimum supplement or supplementary payment shall be payable to an individual for any month after:

1. The month in which the individual dies, or,
2. The first month in which such individual ceases to be an aged, blind, or disabled individual as defined in section 1614 of the Act.

F. No mandatory minimum supplement or supplementary payment shall be payable to an individual for any month:

1. In which such individual was ineligible to receive a basic Federal payment under title XVI of the Act by reason of the provision of section 1611(e) (1) (A), (2), or (3), 1611(f), or 1615(c) of such Act, or,
2. For which such individual is not a resident of the State. In the absence of any other evidence pertaining to residency, for purposes of this provision, an individual shall no longer be presumed to be a resident of the State after he is outside the State for any period of 90 consecutive days.

Article VI
STATE FUNDING AND FINAL SETTLEMENTS

A. Until the amount specified in paragraph B of article II of appendix A of this agreement is reached in any fiscal year,

the State shall pay monthly to the Secretary, on or before the date payment is to be received in the month by recipients, or 5 days after delivery to the State, of the SDX payment data file issued in conjunction with the monthly SSI treasury tape, whichever is later, an amount equal to the expenditures made by the Secretary for the supplementary payments (including amounts as payments for mandatory minimum supplements) for that month as specified in article V hereof. Thereafter, the State shall only pay for each remaining month in the fiscal year the total of the Unprotected Payments which are payable for such month and such payments shall be made in accordance with the same time schedule described in the preceding sentence. Notwithstanding the foregoing provisions of this paragraph, the State may elect to pay monthly during each fiscal year an amount equal to one-twelfth of the amount specified in paragraph B, article II of appendix A, plus the Unprotected Payments which are payable for such month.. If the State considers that the amount of the Unprotected Payments which it is requested to pay for any month in accordance with this paragraph, significantly exceeds the amount of unprotected payments, for which it is liable for that month, it shall immediately notify the Secretary of this fact, including its reasons for disagreement with that amount. The method by which such disagreement is resolved will be prescribed in a letter of understanding to be signed by the Secretary and the State on or before September 1, 1974.

B. As soon as possible after the close of the fiscal year ending June 30, the Secretary shall submit a statement to the State showing total supplementary payments and mandatory minimum supplements paid by the Secretary on behalf of the State during the fiscal year, the State's total liability therefor, and the end-of-year balance of the State's cash on deposit with the Secretary. Any such balance shall be applied as a credit against the State's liability for future expenditures made by the Secretary under this agreement. If for such fiscal year the Secretary's statement to the State shows a deficit, the State shall thereupon include an amount equal to such deficit in its payment to the Secretary for expenditures made by the Secretary for the next succeeding month following receipt of the statement.

C. Negotiations on a final determination of State liability for supplementary payments and mandatory minimum supplements paid on behalf of the State in the fiscal year (July 1 through June 30) shall be undertaken by the Secretary and the State within 90 days after completion of the reconciliation referred to in paragraph B of this article. A closing agreement with respect to the State's liability upon which the State and the Secretary agree shall be incorporated into a memorandum signed by the Secretary and the State, and such

closing agreement shall constitute a final determination of the total liability of the State for that fiscal year. The negotiations referred to herein and settlement resulting therefrom with respect to the fiscal year period ending June 30, 1975, shall include the audit adjustments, if any, of the provisional amounts set forth in paragraph B of article II of appendix A (the non-Federal share of calendar year 1972 expenditures) and in paragraph C of article II of appendix A (the adjusted payment levels).

D. If the Secretary and the State are unable to agree upon any item in dispute, an official designated by the Commissioner of Social Security shall make an initial determination and inform the State, in writing, of his determination with a full explanation thereof. This determination shall be final and conclusive unless, within 30 days the State requests the Commissioner of Social Security to reconsider this initial decision, whereupon the Commissioner will reconsider the initial determination and inform the State, in writing, of his determination with a full explanation thereof. This determination shall be final and conclusive unless the State files a written appeal to the Secretary within 30 days. If the State appeals the Commissioner's determination, the Secretary will review the reconsideration and, on the basis of the evidence obtained by or submitted to the Secretary, he shall render a decision

affirming, modifying, or reversing such determination. In notifying the State of his decision, the Secretary shall state the basis thereof. In connection with the Commissioner's or Secretary's review, the State shall be afforded an opportunity to be heard and to offer evidence in support of its position. Pending the decision of the Secretary, the State and the Secretary shall proceed diligently with the performance of this agreement. The delegate of the Secretary who makes the decision shall not be the Commissioner of Social Security or any subordinate of the Commissioner of Social Security.

Nothing in this agreement shall be construed to waive the State's right to seek judicial review by a court of competent jurisdiction of both findings of fact and conclusion of law contained in the Secretary's decision.

E. After the determination of the fiscal liability of the State either by mutual agreement between the Secretary and the State, or after application of the provisions of paragraph D of this article, the Secretary will make such adjustments as may be necessary in accordance with the provisions of the following subparagraphs:

(1) If for the fiscal year the amount of funds reimbursed by the State, as specified in this article, is in excess of the amount of such liability, the Secretary will refund to the State any excess or apply such amount as a credit toward subsequent monthly payments, whichever the State prefers.

(2) If for the fiscal year the amount of funds reimbursed by the State, as specified in this article, is less than the amount of such liability, the State will pay the difference to the Secretary.

It is understood that in no event shall interest be charged or payable by either party to the other with respect to any such adjustments required by this article.

Article VII
CONFIDENTIAL NATURE AND LIMITATION
ON USE OF INFORMATION AND RECORDS

The Secretary and the State shall adopt policies and procedures to ensure that information contained in their respective records and obtained from each other or from others in carrying out their functions under this agreement shall be used by them and disclosed solely as provided in section 1106 of the Act and the regulations promulgated thereunder.

Article VIII
ADMINISTRATIVE COSTS

A. It is the general intent of this agreement that the Secretary, in performing his functions and duties under this agreement, shall (subject to article II of appendix A) be

paid only an amount equal to the amount of the supplementary payments and mandatory minimum supplements made on behalf of the State. The cost of administration incurred by the Secretary in carrying out his functions under this agreement shall constitute cost to the Secretary, subject to the application of article II-G hereof.

B. Administrative expenses incurred by the State in the performance of work called for by this agreement or requested by the Secretary shall be reimbursed by the Secretary not less frequently than quarterly, on the basis of the cost principles set forth in subpart 1-15.7 of part 1-15 of the Federal Procurement Regulations (41 CFR 1-15.7) in effect as of the date of this agreement. These costs are subject to audit by the Secretary. Reports of the audit will be released by the Secretary's audit agency simultaneously to program officials of the Department and to cognizant State officials. If the audit results in no exceptions, the State will be advised by letter of the results. If the audit results in exceptions, the State and the Secretary shall seek to negotiate the differences.

C. If the Secretary and the State are unable to agree upon any item in dispute relative to administrative costs, the

provisions of paragraph D, article VI of this agreement shall apply.

Article IX
FEDERAL LIABILITY FOR ERRONEOUS PAYMENTS

A. For the period beginning January 1, 1974, and ending December 31, 1974, the Secretary shall be liable for any State-funded supplementary payments and mandatory minimum supplements made on behalf of the State which are erroneously paid to any individual provided that:

(1) Any such erroneous payment is identified on an individual basis. This provision will apply only to cases identified or discovered during quality assurance reviews or reported by the State in writing and verified by the Secretary.

(2) The data furnished to the Secretary as conversion data were adequate to make the determination of eligibility for the mandatory minimum supplement or the supplementary payment. If upon redetermination these data are found to be erroneous and do not support such original determinations of eligibility, then the State shall be liable for any erroneous mandatory minimum supplement or supplementary payment which occurs between the time of the State furnishing the erroneous data and the first redetermination by the Secretary, or December 31, 1974, whichever is earlier.

(3) The Secretary shall not be liable for any erroneous payment if such payment is based upon erroneous initial payment data (with respect to mandatory minimum supplements certified by the State) or caused by changes in special needs of individuals and recomputations of minimum income level amounts which the State erroneously reported or failed to report to the Secretary.

(4) For purposes of this paragraph A, the term erroneous payment means any payment made to an ineligible individual and/or any overpayment to an eligible individual (as such terms are hereinafter defined).

B. Thereafter, the Secretary's liability for any State-funded mandatory minimum supplement or supplementary payment made on behalf of the State which was erroneously paid to any individual shall be determined in a manner similar to that for determining the State's liability for erroneous payments made to ineligible recipients and for overpayments, as provided for in 45 CFR 205.40 and 45 CFR 205.41 (the Social and Rehabilitation Service's regulations applicable to the State's program of Aid to Families with Dependent Children), but only to the extent and only for so long as the State is both subject to and complying with the provisions of 45 CFR 205.40 and

45 CFR 205.41 as in effect of June 1, 1974 with respect to the State's program of Aid to Families with Dependent Children. The term "complying with" as used in this section means that the State is either reducing its error rate in the AFDC program by the one-third requirement in each 6-month period or if not so reducing its error rate, is currently subject to the penalty provisions for failing to properly reduce its error rate as provided in 45 CFR 205.40 and 205.41. In determining the Secretary's liability, there shall be established a base period beginning July 1, 1974, and ending December 31, 1974. During such base period the Secretary shall compile accurate data for such period to establish the incidence of, and costs associated with, State funded mandatory minimum supplements and supplementary payments provided to ineligible individuals and overpayments to eligible individuals. The data for this period shall provide a standard against which such subsequent activities by the Secretary to reduce errors will be measured. After the base period there shall be excluded from State payments of State funded mandatory minimum supplements and supplementary payments to the Secretary for his use in making such mandatory minimum supplements and supplementary payments of State funds on behalf of the State to individuals eligible thereto the proportions of the State expenditures of such payments for ineligibles or for overpayments represented by the following percentages of cases in error:

1. With respect to payments to ineligible individuals for the 6-month period commencing:

- a. January 1, 1975, one-third of the difference between the Secretary's rate of ineligibility cases for the period July 1, 1974, to December 31, 1974, and 3 percent;
 - b. July 1, 1975, two-thirds of such difference;
 - c. January 1, 1976, and thereafter, all of such difference.
2. With respect to overpayments, the 6-month period commencing:
- a. January 1, 1975, one-third of the difference between the Secretary's rate of overpayments in the eligible caseload for the period July 1, 1974, to December 31, 1974, and 5 percent;
 - b. July 1, 1975, two-thirds of such difference;
 - c. January 1, 1976, and thereafter, all of such difference.
3. In addition:
- a. If the Secretary's rate of ineligible cases or overpayments for any such 6-month period exceeds that for the period July 1, 1974, to December 31, 1974, the difference between such rates.
 - b. Until the date the Secretary performs the first redetermination, or January 1, 1975, whichever is earlier, the Secretary shall not be liable for any erroneous payment to ineligible individuals or for any overpayments to any eligible individual if such erroneous payment or overpayment is based upon

incorrect conversion data or initial payment data (with respect to mandatory minimum supplements certified by the State). If the Secretary does not apply the sanctions imposed on the States for the period January 1, 1974 through June 30, 1974, as required by 45 CFR 205.40 and 45 CFR 205.41 (the Social and Rehabilitation Service's regulations applicable to the State's program of Aid to Families with Dependent Children), the parties hereby agree that the Secretary will have until July 1, 1975, to perform the first redetermination.

c. The Secretary shall not be liable for any erroneous payment to ineligible individuals or for any overpayment to any eligible individual if such erroneous payment or overpayment results from changes in special needs of individuals and recomputations of minimum income level amounts erroneously reported or not reported to the Secretary by the State.

C. The amount of such erroneous payments to ineligible individuals or overpayments to eligible individuals for which the Secretary is liable shall be excluded for purposes of applying the "hold-harmless" provision of section 401 of P.L. 92-603.

D. The Secretary shall, nevertheless, undertake recovery, adjustment or recoupment of any such erroneous payments to ineligible individuals or overpayments to eligible individuals pursuant to regulations adopted by the Secretary with respect to overpayments of basic Federal payments.

B. For purposes of this article:

1. An ineligible individual is a person who, if a correct determination had been made in his case, would not have received any payment (basic Federal payment or mandatory minimum supplements or supplementary payments) or part or parts thereof under the supplemental security income program; and

2. An overpayment to an eligible individual is the amount paid to an individual, who, if a correct determination had been made in his case, would have received a lesser payment than the amount actually paid less the amount of such lesser payment. An erroneous payment of less than \$5.00 shall, for purposes of this article, not be considered an overpayment.

F. Nothing in paragraph B of this article shall be construed as waiving the State's objection to the imposition by the Secretary of the fiscal sanctions provided for in 45 CFR 205.40 and 205.41.

Article X TERM OF AGREEMENT

This agreement shall begin on July 1, 1974, and end on June 30, 1975. It will automatically be renewed for successive periods of one year unless the State or the Secretary gives written notice not to renew at least 90 days before the end of the current period.

Article XI
TERMINATION AND MODIFICATION OF AGREEMENT

A. The State or the Secretary may terminate this agreement at any time upon 90 days written notice to the other party provided the effective date of the termination is the last day of a quarter.

B. This agreement may be modified in writing at any time by mutual consent of the parties hereto.

C. If this agreement is terminated by the State in any manner (including nonrenewal) the adjustment and settlement provisions provided for in article VI shall apply.

D. Nothing in this agreement shall be construed to preclude the Secretary from terminating this agreement in less than 90 days if the State fails to materially comply with the terms of paragraphs A, B, C, or G of article III of this agreement and fails to cure such noncompliance, or fails to request an opportunity to show cause why such agreement should

not be terminated, within a period of 30 days (or such longer period as the Secretary may allow) after provision by the Secretary of notice explaining the grounds for the proposed termination. If the State fails to comply with paragraph G of article III of this agreement, the Secretary may immediately suspend making further supplementary payments and mandatory minimum supplements pursuant to article II-B of this agreement, provided that the cumulative amount of the unpaid funds by the State is greater than one-third of the total amount which was paid by the State for the calendar quarter immediately preceding the month in which the State does not make such payment as required by paragraph G of article III.

E. If this agreement is terminated by the State or Secretary in any manner (including nonrenewal under article X) the State will thereafter be precluded from eligibility for Federal payments pursuant to title XIX for any quarter beginning after the effective date of termination or nonrenewal; provided, however, that if the State thereafter elects to administer its own mandatory minimum supplement program and executes an agreement with the Secretary to carry out such a program, the State would retain its eligibility for title XIX payments.

Article XII
EXAMINATION OF RECORDS

The State agrees that the Secretary and the Comptroller General of the United States (including their duly authorized representatives) have access to and the right to examine any directly pertinent books, documents, papers, and records of the State for purposes of verifying: administrative costs paid by the Secretary to the State, the amount of Adjusted Payment Levels, calendar year 1972 non-Federal expenditures, and establishment or recalculations of Minimum Income Levels and countable income.

Article XIII
APPENDICES

Appendix A (Determination of Supplementary Payment Amounts and Limitation of Fiscal Liability of the State), Appendix B (State Data Exchange Assistance to be Furnished to the State by the Secretary), Appendix C (Record of Payments, Cancellations, and Collections), and Appendix D (Relative Responsibility Program) attached hereto are included as part of this agreement.

In Witness Whereof, the parties hereby execute this agreement
this 12th day of July, 1974.

THE SECRETARY OF HEALTH
EDUCATION AND WELFARE

BY _____
Regional Commissioner

STATE OF CALIFORNIA
DEPARTMENT OF BENEFIT PAYMENTS

BY YBS
Director

I, N. Eugene Hill, certify that Evelle J. Younger is the Attorney General of the State of California; I am Deputy Attorney General of the State of California and authorized to act on his behalf; that David B. Swoap, who signed this agreement on behalf of the State, was then Director of the State Department of Benefit Payments of said State; and that he is authorized to enter into this agreement on behalf of the State and that there is authority under the laws of the State of California to carry out all the functions to be performed by the State as provided herein and comply with the terms of this agreement.

EVELLE J. YOUNGER
Attorney General of the State of California

By sgd.
N. Eugene Hill
Deputy Attorney General

APPENDIX A

Determinations of Supplementary Payment Amounts and Limitations of Fiscal Liability of the State

Article I

DETERMINATIONS OF OPTIONAL STATE SUPPLEMENTARY PAYMENTS

In determining the amount of any supplementary payments payable to eligible individuals or eligible spouses of such individuals, the Secretary shall apply all of the income exclusions provided in subsection 1612(b) of the Act, and shall make such payments in accordance with the payment levels in the Schedule of Payments attached. The payment levels shown include the basic Federal payment.

Article II

LIMITATION OF FISCAL LIABILITY OF THE STATE

A. The amounts payable to the Secretary by the State for making supplementary payments and mandatory minimum supplement payments on behalf of the State shall be limited to the amount determined in accordance with the application of section 401 of P.L. 92-603. (The State shall pay such amounts determined payable as provided in article VI-A of this agreement).

B. For purposes of administering this agreement, the non-Federal share of expenditures for aid or assistance for calendar year 1972 (referred to in such section 401) shall

be determined in accordance with the Act and regulations promulgated by the Secretary, and pursuant thereto is provisionally established as \$380,240,200.00. This amount of calendar year 1972 payments for aid or assistance under the plans of the State approved under titles I, X, XIV, and XVI of the Act shall be subject to audit and retroactive adjustments, if necessary.

C. For purposes of administering this agreement, the State's adjusted payment levels shall be determined in accordance with regulations promulgated by the Secretary, and with reference thereto are provisionally established as--

1. With respect to an aged eligible individual,
\$216.61;
2. With respect to a blind eligible individual,
\$236.54;
3. With respect to a disabled eligible individual,
\$212.68;
4. With respect to an aged eligible individual and such individual's aged eligible spouse, \$392.58;
5. With respect to a blind eligible individual and such individual's blind eligible spouse, \$431.90;
6. With respect to a disabled eligible individual and such individual's disabled eligible spouse, \$372.68;

7. With respect to an aged eligible individual and such individual's eligible blind spouse, \$412.24;
8. With respect to an aged eligible individual and such individual's eligible disabled spouse, \$382.63;
9. With respect to a blind eligible individual and such individual's eligible disabled spouse, \$402.29.

The amounts specified in this paragraph shall be subject to audit by the Secretary and retroactive adjustments to July 1, 1974, if necessary. Reports of the audit will be released by the Secretary's audit agency simultaneously to program officials of the Department and to cognizant State officials. With respect to the adjusted payment levels for the agreement period beginning July 1, 1974, and each full year thereafter, a 100 percent review of the appropriate January 1972 adult assistance cases shall be completed. An audit will be conducted following said review. If the audit results in no exceptions, the State will be advised by letter of this result. If the audit results in exceptions, the State and the Secretary shall seek to negotiate the differences. Final resolution of audit findings shall be made in accordance with the provisions of paragraph D of article VI of this agreement. Only those cases found during the audit to be in error shall be considered in making any adjustment to the amounts specified in this paragraph, except that when the audit establishes clear evidence that the procedures or methods agreed to in the APL survey plan of action have been uniformly misapplied, the effect

of such error found to exist in an audit sample may be expanded to the full survey universe. The language in this paragraph in no way prejudices the State's right to question the Secretary's methodology by which the California adjusted payment levels are computed.

SCHEDULE OF STATE SUPPLEMENTARY PAYMENTS

Category of Eligible Individual(s)	Living Arrangements				
	Independent Living Arrangement	Residing in the Household of Another and Receiving Room and Board in Kind	Independent 2/ Living Arrangement Without Cooking Facilities	Nonmedical 3/ Board and Care	Disabled Minor Residing in 4/ Home of Relative
Aged	\$235	\$191.67	\$260	\$283	n/a
Disabled	235	191.67	260	293	\$213
Blind	265	221.67	265	203	n/a
Aged and Aged Spouse	440	375.00	490	566	n/a
Disabled and Disabled Spouse	440	375.00	490	566	n/a
Blind and Blind Spouse	530	465.00	530	566	n/a
Aged and Disabled Spouse	440	375.00	490	566	n/a
Aged and Blind Spouse	500	435.00	500	566	n/a
Blind and Disabled Spouse	500	435.00	500	566	n/a

1/ The terms used in this column shall have the following meanings:

1. "Aged" - an aged eligible individual
2. "Blind" - a blind eligible individual
3. "Disabled" - a disabled eligible individual
4. "Aged and Aged Spouse" - an aged eligible individual and such individual's aged eligible spouse
5. "Blind and Blind Spouse" - a blind eligible individual and such individual's blind eligible spouse
6. "Disabled and Disabled Spouse" - a disabled eligible individual and such individual's disabled eligible spouse
7. "Aged and Blind Spouse" - an aged eligible individual and such individual's blind eligible spouse
8. "Aged and Disabled Spouse" - an aged eligible individual and such individual's disabled eligible spouse
9. "Blind and Disabled Spouse" - a blind eligible individual and such individual's disabled eligible spouse

- 2/ Independent Living Arrangement Without Cooking Facilities will be defined in regulations promulgated by the State and furnished to the Secretary.
- 3/ Non-Medical Board and Care means a protective living arrangement outside the individual's own home where, as a minimum, he receives board, room, personal care, and designated supplementary services related to his individual needs, as defined by regulations promulgated by the State and furnished to the Secretary. The State shall determine and certify to the Secretary individuals entitled to non-medical board and care without liability on the part of the Secretary for erroneous determinations made by him as a result of erroneous certifications made by the State.
- 4/ Disabled Minor Residing in Home of Relative means a disabled minor under 18 living with a parent or guardian or relative by blood or marriage.

APPENDIX B

STATE DATA EXCHANGE ASSISTANCE TO BE FURNISHED TO THE STATE BY THE SECRETARY

A. The Secretary will provide the State at no charge the following State Data Exchange Assistance so long as the State utilizes the assistance to perform functions called for under the terms of this agreement.

1. Continue to provide and furnish maintenance or pay cost thereof for the MODEL D520 magnetic tape terminal currently installed at the Employment Development Department Data Center. The maintenance shall include all associated hardware as well as the telephone transmission lines from the Sacramento, California facility to the facilities in Baltimore, Maryland.
2. Provide any training needed, on a timely basis, for operation and maintenance of the terminal by State personnel.
3. Provide new equipment or augment present equipment as may be required to perform the functions called for under the terms of this agreement.
4. By July 1, 1974, transmit eligibility transactions to the State. These transmissions will occur after each Supplemental Security Record (SSR) update or if that is not practicable, no less frequently than weekly. The Secretary shall transmit to the State records of all

eligibility/ineligibility transactions obtained by his office in Baltimore, Maryland, since the time of the last transmission, which affect California Title XVI eligibles. In the event that the digitronics equipment is not functional, or telephone lines are unavailable, or the volume of data to be transmitted is so large as to preclude timely transmission, or the volume of other data traffic waiting to be transmitted would preclude timely transmission, transmission will be made on magnetic tape via air freight directly to Sacramento. The Secretary will determine the method of transmission and advise the State if the transmission will be other than via the digitronics system.

5. Provide to the State, after the monthly treasury run in Baltimore, Maryland, on magnetic tape, a file describing each California Title XVI current eligible/ineligible.

Such file will contain a complete file of all eligibles in current payment status for that month, and all denials, suspensions, and terminations that have taken place since the last monthly file submission.

6. To the extent eligibles/ineligibles are not reflected on the monthly file described in paragraph A5 of this appendix, the Secretary will make every effort to identify these individuals to the State.

7. Provide to the State (once a year), beginning no later than October 1, 1974, on magnetic tape, a Master File describing each California Title XVI eligible/ineligible as then known to the Social Security Administration.

B. Eligibility transactions transmitted to the State shall include those elements described, and in the format specified, in the Social Security Administration's Bureau of Supplemental Security Income's SSI/State Data Exchange System Handbook (SSI Pub. No. 002-74 (January 1974)) (or such other publication of the Social Security Administration that the Secretary might hereafter have published that specifically supersedes said SSI/State Data Exchange System Handbook). The Secretary shall provide to the State notification of changes to the Handbook described above. This notification will be at least 45 days prior to implementation of the changes.

C. The Secretary shall take under advisement any additional data elements requested by the State as necessary to its functions and will, to the extent practicable, incorporate those elements in subsequent transmissions.

D. Subject to Article IX of this agreement the Secretary shall not be responsible for any financial loss incurred by the State, whether directly or indirectly, through the use of any data furnished pursuant to this agreement.

E. The assistance and/or information furnished under Paragraph A, B, or C of this appendix may also be utilized by the State of California without additional charge to perform functions called for under the terms of the agreement between the Secretary and the State Department of Health for Medicaid Eligibility Determinations.

F. Clause No. 11, Government Property, as set forth in the General Provisions for Negotiated Cost-Reimbursement Type Contract with Nonprofit Institutions other than Educational Institutions, a publication of the Department of Health, Education, and Welfare designated HEW-315A (12/72), (a copy of which Clause No. 11 is attached to the California State Supplementary Security Income Agreement) is hereby incorporated in this agreement by this reference and shall be binding on the parties hereto the same as if fully set forth herein, subject to the provisions of subparagraphs 1 and 2 of this paragraph F.

1. For purposes of this agreement the following terms, as used in the above-identified Clause No. 11, shall have the respective meanings assigned in (a) through (c) of this subparagraph 1:

(a) "Government" means the United States of America, acting through the Secretary or his delegate;

(b) "Contractor" means the State; and

(c) "Contracting Officer" means the Secretary or his delegate.

2. The above-identified Clause No. 11 shall apply to the following property furnished to the State by the Secretary under this agreement:

(a) The Digitronics Magnetic Tape Terminal (Model D520) equipment; and

(b) Any other capital equipment.

APPENDIX C

RECORD OF PAYMENTS, CANCELLATIONS, AND COLLECTIONS

The Secretary shall provide to the State a monthly "Financial Accountability Statement from the State Supplementary Payments Program." The financial statement shall contain the following minimum data elements:

- . Fiscal Year
- . State
- . Agency
- . Status of State Cash, by month and fiscal year to date for the following items:
 - 1. Cash on Hand Beginning of Period
 - 2. Total Receipts from State
 - 3. Funds Available (sum of 1 and 2)
 - 4. Net Disbursements
 - 5. Adjustments
 - 6. Cash on Hand End of Period (3 minus 4 plus or minus 5)
- . Disbursement Summary, by month and fiscal year to date for the following items:
 - 1. Basic Federal SSI Benefit
 - 2. State Supplemental Payment
 - a. Protected Amount
 - b. Unprotected Amount

3. Total Disbursements (sum of lines 1 and 2) by Federal and State Amounts

. Certification, Name of Certifying Officer, Title, and Date
In addition to the above information, the Secretary shall also provide the following data to support the "Financial Accountability Statement for the State Supplementary Payments Program":

1. Gross Amount of State Supplementary Payments by Program (Aged, Blind, and Disabled)
2. Amount of Cancellations by Program (Aged, Blind, Disabled)
3. Amount of Collections by Program (Aged, Blind, Disabled)
4. Net State Supplementary Payments by Program (Aged, Blind, Disabled)

The Secretary shall maintain an adequate accounting system which will provide for an audit trail in order for the State to determine that all data reported each month is accurate.

APPENDIX D

REALTIVE RESPONSIBILITY PROGRAM

The Sectetary agrees to reconsider, within 30 days, his determination that Federal administration of the State's relative responsibility would be inconsistent with SSI regulations. Further, the Secretary agrees to reconsider, within 30 days, his determination that discontinuance, upon request by the State, of the State supplementary payment to a recipient who fails to meet State reporting requirements would be inconsistent with SSI regulations. Upon completion of reconsideration of each determination, the Secretary will render a decision either affirming, modifying, or reversing the prior determination. If the Secretary does not reverse either determination, the State shall, notwithstanding article XI of this agreement, have the right to terminate this agreement in less than 90 days.